

**University of Swaziland**  
**Department of Accounting**  
**Supplementary Exam Paper - Semester - I**

Programme of Study : Bachelor of Commerce / Diploma in Commerce  
Year of Study : Year one (Full Time); Level 1 (Part Time)  
Title of Paper : Introduction to Financial Accounting - I  
Course Code : AC 111(Full Time) / IDE AC 111(Part Time)  
Time Allowed : **3 Hours.**

- Instructions:
- 1. Total number of questions on this paper is four (4).**
  - 2. Answer all questions.**
  - 3. Begin the solution to each question on a new page.**
  - 4. The marks awarded for a question / part is indicated at the end of each question / part of question.**
  - 5. Where applicable, submit all workings and calculations on the answer sheet alongside the case.**

**Note:** You are reminded that in assessing your work, account will be taken of accuracy of the language and the general quality of expression, together with the layout and presentation of your final answer.

**Special requirement : Calculator.**

**This paper is not to be opened until permission has been granted by the invigilator.**

**QUESTION 1:**

Mr Shabangu Patrick started business as a retailer on 1<sup>st</sup> Nov 2012 and paid E40,000 into a business bank account at Swazi Bank and E 30,000 cash.

The following transactions took place during the month of November.

|       |  |
|-------|--|
| Nov 2 | Purchased goods on credit from Simelane B for E 60,000                                 |
| „ 3   | Purchased goods for cash E 2,000   |
| „ 4   | Paid Gamedze E 4,000 as an advance for goods ordered.                                  |
| „ 5   | Received E 6,000 cash from Mahlalela Charles advance for goods ordered by him.         |
| „ 6   | Purchased furniture from O K Furniture for goods for office use for cash E 4,000       |
| „ 7   | Sold goods on credit to Patel Ltd E 5,000.   |
| „ 8   | Received E 1,200 cheque no. 25 commission.   |
| „ 9   | Goods worth E 400 had been returned to Simelane.                                       |
| „ 10  | Goods sold to Karim K E 2,000  |
| „ 12  | Paid for postage E400  |
| „ 13  | Goods returned by Karim K E 1,000  |
| „ 15  | Paid Cheque no. 1 for stationery E 500   |
| „ 18  | Paid E 1,000 into bank. Cashed cheque no. 3 for personal use, amounting to E 400       |
| „ 19  | A debt of E123 owing from Patrick was written off as bad. .                            |
| „ 20  | Sold goods for cash worth E 1,500  |
| „ 22  | Purchased goods for cash E 2,000   |
| „ 25  | Paid cheque no. 4 for E 1,400 to an assistant, Gumbi, for his November salary          |
| „ 28  | Paid cheque no. 5 for E 1,000 to land lord, as rent for November                       |
| „ 30  | A customer had returned goods, selling price of E 500. The original sale was for cash. |

**Required:**

- i) Write up the journal entries for all the above transactions

**Total (30 marks)**

**QUESTION 2:**

Mr Jack Bauer has been trading for some years as a wine merchant. The following list of balances has been extracted from his ledger as at 31<sup>st</sup> Dec 2012, the end of the most recent financial year.

|   |           |
|---|-----------|
| Capital   | 838,870   |
| Sales   | 2,598,700 |
| Trade payables  | 198,400   |
| Returns outwards  | 134,070   |
| Allowance for doubtful debts  | 5,120     |
| Discounts allowed   | 23,060    |
| Discounts received  | 17,500    |
| Purchases   | 1,356,800 |
| Returns inwards   | 56,240    |
| Carriage outwards   | 45,620    |
| Drawings  | 184,400   |
| Carriage inwards  | 118,300   |
| Rent rates and insurance  | 259,730   |
| Heating and lighting  | 110,100   |
| Postage stationery and telephone  | 24,100    |
| Advertising   | 59,800    |
| Salaries and wages  | 385,210   |
| Bad debts   | 20,080    |
| Cash in hand  | 5,340     |
| Cash at bank  | 44,440    |
| Inventory as at 1 <sup>st</sup> Jan 2012  | 156,540   |
| Trade receivables   | 245,000   |
| Fixtures and fittings at cost   | 1,207,400 |
| Provision for depreciation on fixtures and fittings – as at 31 <sup>st</sup> Dec 2012 | 630,200   |
| Depreciation  | 120,740   |

The following additional information as at 31<sup>st</sup> Dec 2012 is available:

- Inventory at the close of business was valued at E 177,500
- Insurance have been prepaid by E 11,200
- Heating and lighting is accrued by E 13,600
- Rates have been prepaid by E 54,350
- The allowance for doubtful debts is to be adjusted so that it is 3% of trade receivables.

**REQUIRED:****Prepare:**

i) a Statement of Comprehensive Income for the year ended 30<sup>th</sup> June 2012. (13 marks)

ii) a Statement of Financial Position as at the same date. (12 marks)

**Note: Decimal digits should be rounded off to the nearest integer.**

**Total (25 marks)**

**QUESTION 3:**

Khuba Enterprises maintains its non-current assets at cost. Depreciation provision accounts, one for each type of asset, are in use. Machinery is to be depreciated at the rate of 15% per annum, and fixtures at the rate of 5% per annum, using the reducing balance method. Depreciation is to be calculated on assets in existence at the end of each financial year, giving a full year's depreciation even though the asset was bought part of the way through the year. The following transactions have taken place during the year.

|                           |  |
|---------------------------|--|
| Jan 1 <sup>st</sup> 2010  | Purchased machinery E 11,200, fixtures E 1,160 |
| July 1 <sup>st</sup> 2010 | Purchased fixtures E 620                       |
| Oct 1 <sup>st</sup> 2011  | Purchased machinery E 14,000                   |
| Dec 1 <sup>st</sup> 2011  | Purchased fixtures E 520                       |

The financial year end for Khuba Enterprises is 31<sup>st</sup> December.

**Required:**

- i) To show the machinery account
- ii) To show the fixtures account
- iii) To show two separate provisions for depreciation accounts
- iv) To show the non-current asset section of the Statement of financial position at the end of each year, for the years ended 31<sup>st</sup> December 2010 and 2011

**Note:** Show the required calculations clearly as part of the answer. Round off decimal digits to the nearest integer.

**Total (25 marks)**

**QUESTION 4:**

Write **short note** on any four (4) of the following:

- i) Substance over form
- ii) Write any two errors that do not affect trial balance agreement with examples and required correction entries.
- iii) How do you distinguish capital and revenue expenditures? Give examples.
- iv) With the help of flow-chart, explain the accounting process clearly by differentiating book-keeping and accounting.
- v) Main uses of Journal (General journal)
- vi) Write up the 3 Journal Entries needed to record depreciation on the sale of a fixed asset.

**Total (5\*4 = 20 marks)**

**End of question paper.**